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Stronger dollar drives Overseas Cost of Living Allowance rate change

Officials at the [Defense Travel Management Office](#) recently announced that U.S. servicemembers in Germany will see a 6-10 percent OCOLA drop in their January end-of-month paychecks as the result of changes to Overseas Cost of Living Allowance that took effect Jan. 16.

The decrease in the OCOLA rate is primarily due to a currency adjustment and new Pay System Exchange Rate resulting from a stronger dollar compared to the euro. The purpose of the currency adjustment is to select a PSER that maintains servicemembers' purchasing power in local currency while ensuring that neither the servicemember nor the government is disadvantaged over time. On Jan. 16, the PSER changed from \$1.557 buys one euro to \$1.446 buys one euro.

The DTMO Allowances Branch collects and monitors daily exchange rates from DoD community banks (at all major overseas locations), commands, the Department of State and the Wall Street Journal. This allows them to compare the PSER to the Trading Rate of Exchange. Once the accumulated difference or variance reaches 5 percent, DTMO employs the currency Adjustment Model to set a new PSER. The PSER may not be the same as the exchange rate at the bank window. Since Dec. 16, 2009, there has been an 8 percent difference between the pay system exchange rate and the actual rate of exchange, which equates to a six point drop in the OCOLA Index for Germany.

The PSER is a critical factor in computing the amount of COLA servicemembers receive. A change in the PSER translates into a change in the COLA Index. However, only the portion attributed to local purchases is adjusted, not points attributed to on-base purchases. For installations in Germany that are considered "full support locations," the index changed from 128 to 122; for "partial support installations" the index went from 130 to 124; for "no support installations" from 154 to 146; and for Garmisch from 134 to 128. Vliseck-Grafenwoehr/Hohenfels changed from 132 to 126 and Bonn/Munich/Berlin from 164 to 154.

For example, a Germany-based staff sergeant with three dependents and 10 years of service based in the Vliseck/Grafenwoehr/ Hohenfels area will see his or her OCOLA decrease for a 30-day-month from \$882.66 to \$717.16 -- a \$165.50 reduction.

Servicemembers are reminded that OCOLA is designed to offset the higher prices of non-housing goods and services overseas so that service members can afford to purchase the same level of goods and services as if they were stationed in the U.S. OCOLA ensures economic parity with CONUS counterpart's spending patterns and levels. It compares prices of goods and services overseas with prices in CONUS for equivalent goods and services.

COLA is paid as a percentage of a member's spendable income, not total disposable income. COLA is also based on the member's grade, years of service and family size. It is designed to offset expenses related to food consumed at home, food consumed away from home, clothing, personal care, tobacco and alcohol, car purchase, household operations, transportation, recreation medical care and telephone.

Servicemembers can calculate their COLA rate at: [Per Diem, Travel and Transportation Allowance Committee](http://www.defensetravel.dod.mil/perdiem) web site at www.defensetravel.dod.mil/perdiem. The calculation tool is updated with the current COLA amounts each pay period. Servicemembers need only enter their locality code or locality name, rank, years of service, number of dependents, and specify whether they live in the barracks or not.

Servicemembers who have questions about COLA policies may call the U.S. Army Europe personnel directorate's Germany Country Allowance Coordinator at 370-3888.

| | | E6 over 10 years w/3 dependants | | | O3 over 10 years w/3 dependants | | |
|------------------|------------|--|-------------|------|--|-------------|------|
| Spendable income | | | \$33,100.00 | | | \$41,900.00 | |
| | | | | | | | |
| Graf/Vilseck | Index | | | | Index | | |
| | Current | 132 | \$29.42222 | /Day | 132 | \$37.24444 | /Day |
| | New | 126 | \$23.90556 | /Day | 126 | \$30.26111 | /Day |
| | Difference | | \$5.51667 | | | \$6.98333 | |
| | | 30 days | \$165.50 | | 30 days | \$209.50 | |
| | | 31 days | \$171.02 | | 31 days | \$216.48 | |
| | | | | | | | |
| Berlin | Index | | | | Index | | |
| | Current | 164 | \$58.84444 | /Day | 164 | \$74.48889 | /Day |
| | New | 154 | \$49.65000 | /Day | 154 | \$62.85000 | /Day |
| | Difference | | \$9.19444 | | | \$11.63889 | |
| | | 30 days | \$275.83 | | 30 days | \$349.17 | |
| | | 31 days | \$285.03 | | 31 days | \$360.81 | |



The article was provided by U.S. Army Europe personnel directorate's Germany Country Allowance Coordinator.

For questions regarding this release, call Bruce Anderson at the U.S. Army Europe Office of the Chief of Public Affairs at 370-8694.